

(b) Measured use interconnection rates are not cost-based, because the costs of interconnection generally do not vary with the level of traffic being exchanged;

(c) A measured use regime would threaten the state's public policy of affordable, flat-rated local service.

(d) Mutual traffic exchange is a reasonable interim mechanism. As the number and types of interconnection arrangements increase, bill and keep as a standard interconnection framework is likely to become less and less workable as an exclusive structure for compensation. Situations are likely to arise where two competitors do not want or need exactly the same services, measured in either quantity or quality, from one another.

(e) Interconnection costs are primarily capacity-related and fixed. Charging a use-based rate to recover costs that are primarily fixed in nature is likely to discriminate against certain groups of customers, distort incentives to enter the competitive market, discourage economic efficiency in the design of networks, and prove unsustainable under competition.

4. Mutual Compensation (Reciprocal Compensation) (Sections 251(b)(5) and 252(d)(2)).

The Commission ordered interconnecting carriers to terminate each other's traffic under a mutual traffic exchange (bill and keep) arrangement for an interim period. US West and GTE were ordered to file permanent interconnection rates by July 1, 1996. (Those rates would not necessarily take effect on that date, because they could be suspended and set for hearing.) The Commission rejected a rate structure in which interconnection would be charged on a per-minute basis and concluded that rates should reflect capacity costs. The companies were ordered to develop port charges that reflected the capacity costs of interconnection. 4th Supplemental Order, WUTC Docket No. UT-941464.

5. Resale (Section 251(b)(1) & (c)(4) and 252(d)(3)).

In ordering US West and GTE to offer unbundled loops, the Commission said resale of those loops could not be limited, except to prohibit resale of a residential loop for business service. The Commission also said that most resale restrictions should be eliminated from existing tariffs, but it did not order that change as part of the interconnection docket. The Commission currently has before it a general rate case of US West, and resale rates and conditions are expected to be addressed in that proceeding. 6th Supplemental Order, WUTC Docket No. UT-941464.

6. Number Portability (Section 251(b)(2) and 251(e)).

The Commission has ordered US WEST and GTE (Docket UT-941464 et al), to provide interim number portability to new alternative local exchange companies at prices set equal to GTE's incremental cost of production and US WEST's TSLRIC.

US WEST has offered two types of call forwarding-like services, enabling service provider number portability. The two types of interim service provider number portability proposed are a version of remote call forwarding, and dialed number route indexing. US WEST's proposal has been suspended by the Commission, and the issue is pending. Staff has recommended that the rates for the remote call forwarding-type service may need to be adjusted downward.

GTE has also filed a tariff proposal to offer, at estimated marginal cost, service provider number portability - remote call forwarding. This filing is pending, with a requested effective date of March 18, 1996.

The Commission has directed that a report recommending a long term solution be prepared by the industry by July 1, 1996. The report shall provide a recommendation for immediate deployment of a long term solution, and its funding. The Commission has defined the criteria for a long term solution as including service provider portability and location portability.

The Industry has convened an ongoing workshop to formulate a recommendation for a long term number portability solution. The workshop is an open forum, and operates by consensus. The workshop received proposals from GTE, MCI, AT&T, and U.S. Intelco. The proposals are currently being evaluated, utilizing the same evaluation matrix employed in other states' workshops. Issues that are being analyzed include estimated cost impacts, and responsibility for those costs.

7. Dialing Parity (Section 251(b)(3)).

The Commission has accepted a petition from AT&T that calls for establishing rules that require local exchange companies to allow their customers to presubscribe to an intraLATA toll provider of their choice. In 1995, State legislation blocking that rulemaking was adopted but later vetoed by the Governor. Deliberations on the rulemaking were postponed pending outcome of a possible state legislative veto and federal legislation. There is interest in reactivating this rulemaking, mainly in response to GTE's entry into interLATA service and to ensure that rules are in order for when presubscription can be allowed for U S West customers.

As for access to operator services etc, please see response to Question 3A.

8. Universal Service (Section 254).

The Commission is currently deliberating on a rate case filed by U S West in which the company has requested rate rebalancing. The company has proposed different rates for urban and rural areas. (Docket No. UT-950200).

In its interconnection docket (Docket UT-941464 et al), the Commission determined that the existing and short term level of competition posed no immediate threat to the U S West's ability to provide universal service and rejected the company's request to place a "universal service" charge on interconnection.

The Commission has accepted a petition for rulemaking from the Washington Independent Telephone Association that calls for a definition of "basic telecommunications service." The expressed purpose of this definition is to lead toward a comprehensive review of universal service programs and direct and indirect subsidies. (Docket No. UT-950724)

9. Geographic Averaging.

AT&T's interexchange carrier rates are required to be the same in all areas of the state in which the carrier provides service. Competitively classified telcos can de-average toll rates. Local exchange service is not subject to such a geographic averaging requirement. US West's local service is priced higher in larger exchanges, on a value of pricing theory. That rate structure is currently under review in US West's general rate case. US West has proposed lower rates in urban exchanges, asserting that the cost of service is lower in urban areas. Commission staff and Public Counsel have proposed a statewide average rate for local exchange service.

Wisconsin

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The following is a list of responses to the questions regarding local competition policies in the states. It describes the Wisconsin statutes, completed or pending dockets, and Public Service Commission of Wisconsin (PSCW) actions on each issue.

1. Certification Requirements and Removal of Barriers to Entry (Section 253).

Statutes provide three means of certification based on the classification of the provider. Carriers² (IXCs) are certified under s. 196.499, Wis. Stats.; telecommunications utilities (LECs) are certified under s. 196.50(2) Wis. Stats.; and alternate telecommunications utilities or ALECs (facilities-based provider where local service is already available from another telecommunication provider) are certified under s. 196.203, Wis. Stats. Generally, the criterion for all three of these certifications is that the provider needs to demonstrate sufficient technical, financial and managerial resources. Certification of ALECs is an expedited process which usually takes about 30 to 60 days. The Commission can apply any provisions of utility regulation to the ALEC that it deems are in the public interest.

Provisions related to privacy, s. 196.209, Wis. Stats.; universal service, ss. 196.218(3) & (8), Wis. Stats.; and consumer protection, s. 196.219(3), Wis. Stats., statutorily apply to carriers. The definition of a carrier in s. 196.01(8m), Stats., allows IXCs to resell basic local exchange service. In addition, when the Commission grants certification to another utility to provide local exchange service in a territory of a LEC with less than 150,000 access lines, then universal service funds must be provided or the carrier of last resort obligation must be eliminated per s. 196.50, Wis. Stats.

TCG and MCI Metro have been granted interim authority to provide both business and residential local exchange service. Time Warner's application for authority is currently being processed. They are targeted at the Milwaukee area at this time. The level of competition is unknown, but assumed to be very low at this time.

2. Interconnection and Collocation (Sections 251(a)(1), (c)(2) & (c)(6)).

Per s. 196.219(3)(a), Wis. Stats., a telecommunications utility must provide interconnection to the extent required by the FCC and provide additional interconnection as found by the PSCW to be in the public interest and consistent with statutory criteria. Interconnection points are established as necessary under s. 196.04, Wis. Stats., provided they do not result in irreparable injury to any owner or result in any substantial detriment to the service rendered by the owner or user. Local service has not yet been authorized for resale and is being addressed in a pending local competition docket, 05-TI-138. The issue list in that docket is also expected to be expanded to include the determination of technical feasibility criteria. In docket 05-TI-131, virtual collocation was determined to be an option that can be provided.

3(a). Unbundled Access (Sections 251(c)(3) and 252(d)(1)).

Per s. 196.219(3)(f), Wis. Stats., a telecommunications utility must provide unbundling to the extent required by the FCC and provide additional interconnection as found by the PSCW to be in the public interest and consistent with statutory criteria.

² Note - a carrier under Wisconsin law has a different meaning than under federal law.

Per s. 196.219(3), Wis. Stats., a telecommunications utility must disclose in a timely manner information necessary for the design of equipment and services that will meet the specifications for interconnection. The issue of standards for approval of agreements arrived at by negotiation is expected to be added to the issue list in the pending docket on local competition, 05-TI-138. The extent of unbundling required is already an issue in that docket.

3(b). Pricing of Unbundled Access (Sections 251(c)(3) and 252(d)(1)).

Per s. 196.204, Wis. Stats., new services including any unbundled service element or basic network function shall be priced to exceed total service long run incremental cost (TSLRIC). TSLRIC is defined in s. 196.015, Wis. Stats., as "...the total forward looking cost, using least cost technology that is reasonably implementable based on currently available technology, of a telecommunications service, relevant group of services or basic network function that would be avoided if the telecommunications provider had never offered the service, group of services, or basic network function..." Alternate definitions are also given. Per s. 196.204(6), Wis. Stats., a telecommunications utility is required to meet an imputation test whereby the price of offerings to its customers must exceed tariffed rates for unbundled elements plus access charges plus TSLRIC of all other components of the service offering. Discounts are allowed as individual contracts per s. 196.194, Wis. Stats., when competition is demonstrated. Individual contracts must be compensatory.

3(c). Rates, Terms and Conditions (Sections 251(c)(2)(d) and 252(d)(1)).

Currently, alternative local exchange providers have been given interim authorization to negotiate their own arrangements for interconnection. Ameritech has filed a tariff making the same interim arrangement available to all takers.

4. Mutual Compensation (Reciprocal Compensation) (Sections 251(b)(5) and 252(d)(2))

The negotiated agreements under which service is currently being provided uses an escrow mechanism. The compensation will be trued-up once a compensation rate is set. Compensation is an issue in the current local competition docket, 05-TI-138. Testimony in that docket includes possible conditions that could be applied to bill and keep. An order is expected in June of this year.

5. Resale (Sections 251(b)(1) & (c)(4) and 252(d)(3))

Identification of services available for resale is expected in the local competition docket, 05-TI-138. Some testimony has been presented on the wholesale discount rate. The issues list and further technical hearings are expected to open this docket for more information on a determination of a wholesale rate consistent with the new federal statute.

6. Number Portability (Section 251(b)(2) and 251(e)).

Number portability is an issue in the local competition docket, 05-TI-138. The issues list is expected to be expanded to include compatibility with federal statutes and proposals for handling portability issues.

7. Dialing Parity (Section 251(b)(3)).

The order in docket 05-TI-119 required that 1-plus intralata access be provided. Ameritech failed to comply with IXCs' requests and subsequently a complaint was filed as docket 6720-TI-111. The commission order in that complaint set up the following implementation schedule for Ameritech: Ten percent of access lines cut over by 1/1/96; 40 percent by 4/1/96; and the remaining 50 percent by 7/1/96.

Nondiscriminatory access to telephone numbers, operator services, directory assistance and directory listings are issues in the local competition docket, 05-TI-138.

8. Universal Service (Section 254).

1993 Wisconsin Act 496, which revised telecommunications regulation, required the formation of a universal service council. The council advised the Commission on universal service rules. The Commission adopted with modifications those proposed rules. The rules have been approved by the state legislature. The rules define payers into the Universal Service Fund, provide that funding is available to all providers from the fund, describe programs based on high-cost service areas or individual financial need, and continue lifeline and linkup programs.

9. No number nine listed.

10. Geographic Averaging (Section 254(g)).

Per s. 196.217, Wis. Stats., telecommunications utilities must provide statewide geographically averaged intralata toll rates only until the provider deploys 1-plus intralata access, then rates must be the same for routes of similar distances. Per s. 196.499(3), Wis. Stats., IXC's may not charge different rates for residential MTS, business MTS or single-line WATS on routes of similar distances within the state unless authorized by the Commission. Ameritech filed requesting intraLATA toll deaveraging in docket 6720-TI-116 but later withdrew the request.